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EB/TRA/AN FOR ZACHARY TEICH AND JEFF HORWITZ
FAA FOR CECELIA CAPESTANY
USDOC FOR 4322/ITA/MAC/OLAC/ANDERSEN/PEACHER

E.O. 12958: N/A
TAGS: [EAIR](#) [ECON](#) [AR](#)
SUBJECT: ARGENTINA OFFERS MORE FLIGHTS TO U.S. CARRIERS

REF: A. (05) STATE 203010
[1](#)B. (05) BUENOS AIRES 2945

[1](#)1. This message is sensitive but unclassified and not for internet distribution. This is an action request: see paragraph 6.

Summary

[1](#)2. (U) Econoffs met with Under Secretary of Transportation for Commercial Aviation Ricardo Cirielli on May 19 as a follow-up discussion on Open Skies (Reftel A). Cirielli acknowledged that Argentine carriers had done little to operate more of the flights available under the U.S.-Argentina Air Transport Services Agreement. He recognized that the demand for flights between the U.S. and Argentina remained high, but he maintained that implementation of Open Skies would be difficult (see Reftel B). He suggested doubling the current allotment of flights available to carriers of both countries, from 56 to 112. Post views this offer as a unilateral benefit to U.S. carriers because: U.S. carriers are already operating at the maximum allowed number of 56 flights per week; Argentine carriers do not have plans to use the capacity already available to them; and tourism growth is expected to generate a rising demand for flights during the coming years. Post requests guidance to make this offer operational. End Summary.

Open Skies, Revisited

[1](#)3. (U) Econoffs discussed Reftel A points on Open Skies with Under Secretary of Transportation for Commercial Aviation Ricardo Cirielli in November 2005. Cirielli recommended waiting six months before taking steps to expand capacity. He said that since the FAA had restored Argentina's Category 1 international flight safety rating in October 2005, moving toward ratification of Open Skies so soon afterward would be regarded as a quid pro quo. He said that he also wanted to provide Argentine carriers the opportunity to develop plans for using more of the country's allotment of flights under the current bilateral air transport agreement (see Reftel B).

Econoffs met with Cirielli six months later, as previously agreed, on May 19 to discuss the possibility of taking steps to expand capacity.

14. (SBU) Cirielli acknowledged that neither Aerolineas Argentinas nor LAN Argentina had taken steps to utilize more of the frequencies allotted to Argentina under the current bilateral air transport agreement. Conversely, he mentioned that U.S. carriers had approached his office about the possibilities for more flights from the U.S. (Comment: Cirielli specifically mentioned that Delta would like to begin a direct flight from Atlanta to Cordoba. Delta is unable to do so, however, because U.S. carriers were already operating the maximum number of 56 flights per week. This would be the first direct flight from the U.S. to an Argentine city other than Buenos Aires. End Comment.) The Argentine carriers' inaction on this issue was a function of their particular financial and operational conditions, according to Cirielli. He noted that the Kirchner administration had made continued growth in the tourism sector a high economic policy goal, and he recognized that an increased number of flights from the U.S. would be an essential component of that growth.

Moving Toward More Flights

15. (SBU) Cirielli explained that the GOA could respond to the demand for flights in one of three ways. First, his office could authorize charter flights. However, individual carriers would need to request a desired route, which would be operational only on a short-term basis, according to Cirielli. Second, the GOA could resume consideration of ratifying Open Skies. Cirielli suggested that its terms would be subject to review in large part because of "popular mistrust" of the Menem administration that negotiated the agreement. Third, the GOA could double the number of weekly frequencies from 56 to 112. Cirielli commented that he thought this option would be politically viable and would serve as a step toward meeting the demand for additional flights between the U.S. and Argentina.

Action Request: Responding to Offer

16. (U) Post supports Cirielli's offer of doubling the frequencies available to both U.S. and Argentine carriers. Such a measure would provide a virtually unilateral benefit for U.S. carriers since U.S. carriers are already operating at the maximum allowed number of 56 flights per week; Argentine carriers do not have plans to use the capacity already available to them; and tourism growth is expected to generate a rising demand for flights during the coming years.

Post requests Department guidance to make this offer operational in the near future. Once this expanded agreement is in place, the USG will still be free to discuss the Open Skies agreement in Reftel A whenever the GOA is willing to do

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17. (U) To see more Buenos Aires reporting, visit our classified website at:
<http://www.state.sgov.gov/p/wha/buenosaires.< /a>>
GUTIERREZ